

Report for: **Cabinet Member Signing**

Item number: 4

Title: **Removals and storage policy for Homeless Households**

Report authorised by: **Lyn Garner**

Lead Officer: **Alan Benson**

Ward(s) affected: **All**

Report for Key/  
Non Key Decision:

**1. DESCRIBE THE ISSUE UNDER CONSIDERATION**

- 1.1. The Council has a statutory duty to store a homeless household's belongings where they are unable to do so themselves. The net cost to the Council of the provision of this service in 2016/17 was £143,225.
- 1.2. This paper sets out new arrangements and a new charging policy for the removal, storage and return of the belongings of homeless households who are in need of this service. The paper also sets out a proposed new approach to returning belongings to existing long term users of the service and dealing with ongoing charges.

**2. CABINET MEMBER INTRODUCTION**

- 2.1. Households facing housing crisis often have limited resources to protect their belongings. It is therefore important that the Council supports these households and assists with removal and storage of their property where they have no other options available to them. However, the on-going provision of this service can be costly to both the Council and the household.
- 2.2. This paper seeks to address both of these concerns by providing a free service to households when they need it most by allowing free collection, storage and return of their belongings when the household enters emergency accommodation and while their homelessness application is being assessed. The paper also allows an additional month's free storage to those who are required to find their own accommodation and a free month to accepted households once they have been placed in longer term accommodation. Users can also opt to continue using the service if they choose to pay the full costs of ongoing provision.
- 2.3. The policy also sets out the implementation of the policy for current users of the service. These households will also be given free storage and delivery until the expiry of a month's notice. This reduction in debt will enable them to make alternative arrangements.

### **3. RECOMMENDATIONS**

It is RECOMMENDED that the Cabinet Member for Housing, Regeneration and Planning:

- 3.1. Notes the Equalities Impact Assessment set out at Appendix A.
- 3.2. Notes the financial costs of the current and proposed charging structure set out at Appendix B.
- 3.3. Approves the new charging structure (set out at 6.13-6.25), which can be summarised as:
  - Abolishing existing charges for the collection, storage and return of goods of homeless households.
  - Providing a free storage service from the point a homeless household is placed in emergency temporary accommodation, until one month following either the acceptance of a homelessness duty to that household and the subsequent placement in self-contained accommodation, or a refusal of a homelessness duty.
  - Offering to continue to provide this storage service following that date, but on the basis of full cost recovery.
  - Introducing this policy for all new users from 24 July 2017.
- 3.4. Approves the approach to the introduction of these new changes for existing users (set out at 6.26-6.28), which can be summarised as.
  - Providing a free storage service until a formal notice has been served and expired.
  - Offering to continue to provide this storage service following that date, but on the basis of full cost recovery.
  - Rolling out this new policy for existing users over a six month period from 24 July.

### **4. REASONS FOR DECISION**

- 4.1. Proposal 3.3 is recommended as applicants who are threatened with homelessness and approach the Council are likely to have limited resources to fund storage, and it is in the Council's interests to maximise the use of these resources to find alternative accommodation.
- 4.2. Proposal 3.4 is recommended to give existing users ample time to make alternative arrangements.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

A number of alternative methods for recharging homeless households were considered:

### **The do nothing option:**

- 5.1. The cost of the removals and storage service for homeless households in 2016/17 was £143,225 against a budget of £50,000. The losses incurred by the current charging policy and the provision of this service are not sustainable or realistic given the budget pressures in the homelessness service.

### **Fully recharging the cost of storage:**

- 5.2. This was rejected because households approaching as homeless have limited resources at the time they are made homeless. Consequently, they would be unlikely to be able to pay the full costs. The Council is also seeking to enable them to use the money they have available to seek alternative accommodation.
- 5.3. The collection rate of the current charges is already very low, so any increased charges would not realistically be collected. Increasing costs in this way would only be likely to result in the Council accruing additional unrecoverable debts.

### **Charging differential rates:**

- 5.4. Charges could be varied according to how long households stay in temporary accommodation, or based on ability to pay. The former was rejected as the highest charges are likely to fall on larger households, who wait longest for settled accommodation. These are generally the least likely to be able to afford the storage charges. The latter was rejected as the additional means testing would be disproportionately onerous to administer.

### **Using Council garages for storage:**

- 5.5. This was rejected because the risk of damage to the households' belongings was considered to be too high. Although this option would be relatively low cost, it is not considered suitable to fulfil the Council's statutory duty to protect the households' belongings.

## **6. BACKGROUND INFORMATION**

### **Statutory duties**

- 6.1. The Council has a duty under the Housing Act 1996 s211 and s212 take reasonable steps to prevent the loss of, or damage to, any personal property of the applicant where there is a risk of their belongings being lost or damaged. This duty only arises if no other suitable arrangements have been, or can be, made. The duty can be relinquished once the satisfactory arrangements are in place that poses no further threat of loss of the applicant's belongings. The Act also allows for reasonable charges to be made for providing this service.
- 6.2. The Council makes every effort to secure unfurnished accommodation for households presenting as homeless. However, in an emergency, they may need to move into hostels or Nightly Purchased Accommodation and there may be a need to store their furniture. When they move to longer term temporary accommodation (such as a Private Sector Leased property) the aim is that there should be sufficient space for them to store their belongings in that temporary accommodation.

## Current service and budget pressures

- 6.3. During 2015/16, the cost of this service in 2015/16 was £235,413 with an average of 13 new users each month, and similar numbers having belongings returned to them each month. As at March 2016, there were 284 households with belongings in storage, with over half of existing users having items in storage for over two years.
- 6.4. During the autumn of 2016/17, Homes for Haringey introduced a new approach to the return and disposal of belongings and the advice and support given to new applicants. This resulted in the number of users falling from 284 to 154 by the end of March 2017, and the average number of new users falling from twelve new users a month for April to September, to only two new users a month for the rest of the year. Although this reduced the net annual cost of this service to £143,225, this still remained in excess of the allocated budget of £50,000.
- 6.5. Current estimates of expenditure for 2017/18 are around £105,000; representing an ongoing and significant expense to the Homelessness Demand budget.

## Current charging regime

- 6.6. Homeless applicants are currently expected to make their own arrangements for removals and storage where possible and that the Council will only provide this service as a last resort.
- 6.7. The current charging regime to users of the service is based on a flat rate monthly fee. The Council currently only recharges a third of the costs of the collection and return of the goods, and does not pass on any costs for aborted collection and the 'once only' option. (The 'once only' option allows households to have their possessions brought to their current address to allow them to remove any items they wish to retain. Any remaining items are then returned to storage.)
- 6.8. The current Policy & Procedure document states that the subsidised collection and delivery charge applies only to a local address, which includes neighbouring Boroughs. However, the practice has been that it has been applied to addresses within and on the immediate outskirts of Haringey.
- 6.9. The current charges were set in 2010 and are set out in the following Table .

**Table 1: Current charging policy**

Service	Cost to Council	Recharge to Households	% Recharge to client
Collection	£150	£50	33%
Aborted Collection	£90	free	Nil
Once Only	£150	One free	Nil
Return of belongings	£150	£50	33%
Disposal	£150	£50	33%
Storage per four weeks <sup>(1)</sup>	£10 to £50 <sup>(2)</sup>	£10	20%-100% <sup>(2)</sup>

<sup>(1)</sup> The current contract bills the Council every four weeks, but users are charged these fees on a daily basis (for nightly paid accommodation) or weekly (for all other accommodation)

<sup>(2)</sup> Charges for storage are dependant on the amount being stored.

- 6.10. There are additional charges applied by the current contractor as optional services which are currently recharged in full to any client using the facilities. These include:
- Packing Charges – the current charge is for £6 per box
  - Dismantling and reassembling furniture – the current charges are £30 to dismantle furniture, and £30 to reassemble.
- 6.11. These charges are added to the rent account but have not been actively collected as any payments into the rent account are only attributed to storage charges once any rent arrears are cleared. Work has begun to create a sundry account for storage charges (in the same way that water rates are on a sundry account) so that monitoring and collection can be more effective.
- 6.12. The disposal of belongings occurs when either the client is contacted during regular monitoring periods and gives written permission for the goods to be disposed of, or once the Council has issued a Section 41 notice when the households cannot be located or are not responding to communication.

### **Revised Charging policy**

- 6.13. The current charging regime and the costs associated with it are not sustainable and it has not been updated for seven years. However, while costs have increased during this time, many people's incomes have been frozen and/or reduced through welfare reform. Further, homelessness households are likely to have little additional income at the time of their eviction. For these reasons addressing the funding shortfall by increasing charges is not a realistic option. The proposals below seek to reduce costs to the Council but not to do so by shifting the costs on to households at the point they are least likely to be able to afford it.

#### Charges during the assessment period

- 6.14. Following an application, a household will frequently be placed into a hostel or Nightly Purchased Accommodation where there is limited room for their possessions. Households typically remain in hostels or other shared facility accommodation until their applications are assessed.
- 6.15. It is therefore proposed that users are not charged for the collection and storage charges while they are awaiting assessment of their homeless application. It is also proposed that users are permitted one free use of the 'once only' delivery and return to storage of their belongings, and that return, disposal of items will also be free..

#### Charges following the assessment of a homelessness application and during the 'section 41' notice period

- 6.16. Following the assessment of a homelessness application, where a homelessness duty has been accepted, and once the household has been transferred to unfurnished property, , it is proposed that households will receive a formal 'section 41 notice' if they have not accepted the return of their property. This notice will advise the user that they should make arrangements to take delivery of their

belongings at their unfurnished accommodation within one month, or these belongings will be disposed of. The notice may be served with their decision letter if they are already placed in such accommodation.

- 6.17. Households who have not been accepted as homeless will receive a formal 'section 41 notice' with their decision letter. This notice will advise the users that their belongings will be returned to them within one month, or disposed of. Users may also be served with a notice if they leave temporary accommodation prior to a formal decision.
- 6.18. It is proposed that no charges are made for delivery or disposals during the notice period and that any deliveries during the initial period are also provided cost free. However, users will be required to pay the full charges for the 'once only' delivery and return to storage of their belongings. The current charge for this service is £150.
- 6.19. This period of grace will allow time for those who are not accepted to find alternative accommodation.

#### Charges after the expiry of a 'section 41' notice period

- 6.20. The Council is permitted to charge 'reasonable' fees for removals and storage. It is therefore proposed that users will be recharged the full costs of removals and storage where they have an option to make alternative arrangements. These charges include the costs of delivery of their belongings if made after the end of the 'notice period'.
- 6.21. It is also proposed that on expiry of the notice period, users will be given the option to accept delivery of the items at full cost (currently £150), or retain the items in storage by the payment of the full storage costs (currently £10-£50 per four weeks). It is also proposed that the return and disposal of items will also be charged at full costs. All payments will be required to be made in advance and any uncollected or unpaid for items will be disposed of at the full charge to the client.

#### Charges to existing users with items in storage

- 6.22. The majority of costs incurred by the Council are in relation to the on-going storage of belongings, with 51% of users having had their belongings in storage for at least 2 years.
- 6.23. It is proposed that the existing users will receive a formal 'section 41' notice, unless they have already received this notice. This notice will advise them that their belongings will be returned to them within a month if they choose, or disposed of if they do not respond to the notice.
- 6.24. It is also proposed that the charges applied after the notice period are the same as the charges during and after the 'section 41 notice' as set out in 6.20 to 6.21.



## Summary of Costs

**Table 2: Summary of new charging policy**

Service	Cost to Council	Recharge to Households		
		Prior to 'section 41' notice being issued	During 'section 41' notice period	After expiry of 'section 41' notice
When these costs apply to new customers	-	During assessment of homelessness applications	4 weeks following homelessness decision <sup>(1)</sup>	More than 4 weeks after the homeless decision
Collection	£150	free	free	£150
Aborted Collection	£90	free	free	free
Once Only	£150	one free	£150	£150
Return of belongings	£150	free	free	£150
Disposal	£150	free	free	£150
Storage per four weeks <sup>(2)</sup>	£10 to £50 <sup>(3)</sup>	free	free	Full costs £10 to £50 <sup>(3)</sup>

<sup>(1)</sup> Notices will not be served on accepted households until they have been moved to self-contained accommodation <sup>(2)</sup> The current contract bills the Council every four weeks, but users are charged these fees on a daily basis (for nightly paid accommodation) or weekly (for all other accommodation) <sup>(3)</sup> Charges for storage are dependant on the amount being stored

### Charges for optional services

6.25. The above charges relate to the basic service. However, there are also optional services which users can use. It is proposed that these optional costs continue to be passed on to the users at full cost, regardless of when these services are used.

These charges are currently as follows;

- Packing £6 per box
- Dismantling furniture £30
- Reassembling furniture £30
- 'Once only' £150 (unless provided 'free' as set out above)

### Implementation and arrears from previous storage

6.26. It is proposed that the charging structure will come into effect from 24 July 2017. New charges will be applied in line with the policy above from this date.

6.27. The service of 'section 41' notices to current users will be implemented on a rolling basis over the six months following July 2017 to allow the notices and return of belongings to be processed. However existing users will be advised of the change of policy immediately to maximise the time they have to make alternative arrangements.

- 6.28. Existing users will not be charged any further storage or delivery costs prior to the service of a 'section 41' notice. However, they will no longer be allowed a free use of the 'once only' return and return to storage.

#### Exemptions and discretion

- 6.29. The above policy sets out the charging structure, which should apply to most cases. However, there may be occasions when these charges are inappropriate, for instance, where a household is unable to dismantle or reassemble furniture due to disability or old age. Exceptions to this policy and how it is implemented can be approved by the team manager.
- 6.30. Similarly, consideration may also be given to extending the 'free period', for example where a homeless decision is being reviewed, or where the Council has accepted a homelessness duty but is unable to provide unfurnished accommodation.

#### **Retendering the contract and future charge setting:**

- 6.31. The current service is provided by JA Steel & Son, who collect belongings, store them, and return them to the applicant when they are able to secure their own belongings. This contract has expired and is currently subject to a rolling extension.
- 6.32. The Council and Homes for Haringey are currently procuring a new contract for the provision of removals and storage. It is unclear at this time how costs of the new service will compare with the current charges. All collection of the charges could be contracted out as part of this procurement.
- 6.33. The charges to users have been set out in line with the current costs to the Council and will need to be reviewed annually as part of the Council's annual budget setting process.

#### **Consultation**

- 6.34. The Housing Service has undertaken a significant level of consultation with residents and partners in recent months including the Housing Strategy, the Temporary Accommodation Placements Policy, and the four housing policies which included a new Homelessness Strategy. It was considered that in view of the potential numbers of users who could be impacted a more proportionate consultation approach on the new charges would be appropriate.
- 6.35. The proposed policy was discussed at a meeting of the Haringey Homelessness Forum in March 2017 and all members of this Forum were invited to respond further in writing to the policy proposals. Only a limited number of responses were forthcoming and there was no opposition to the principles underlying the policy.

#### **Anticipated costs of the new charging structure**

- 6.36. The cost of providing the service to new users is dependant on the number of new users and the time it takes to assess a homelessness application. In the last three



months of 2016/17, there was an average of 3 new users a month and an average assessment period of 21 days.

- 6.37. Under the proposed charging structure, and using recent performance data, the cost of providing this service is modelled at around £101,250 for 2017/18. These continued high costs are a result of the costs of offering existing users free storage until the expiry of formal notices, that the policy only comes into force on 24 July 2017 (four months into the financial year) and then has a six month implementation period and the £150 cost per person of returning goods to existing users.
- 6.38. Following the expiry of the notices for all existing users, and the return of their belongings, the costs of the service for 2018/19 and subsequent years are modelled to fall significantly to around £17,000 per annum based on the recent quarterly average of three new users a month. This cost compares to a modelled cost of around £105,000 for the current service.
- 6.39. In addition to current clients, the Homelessness Reduction Act 2017 extends the homelessness prevention duty and is thus likely to raise the number of new clients who require the service. The Homelessness Reduction Act is expected to come into force in early 2018 and at present the effect on the number of users of this service is unknown. However, even if the number of users tripled from the current three per month to nine per month, it would still come in under £50,000 per annum.
- 6.40. The costs of the current and proposed service are provided in Appendix B, which also models the effect of increased numbers of new users.

## **7. CONTRIBUTION TO STRATEGIC OUTCOMES**

- 7.1. Haringey's Housing Strategy 2017-2022 seeks to deliver the housing priorities defined in Haringey's Corporate Plan and "*Improve support and help to prevent homelessness*" is one of its strategic objectives.
- 7.2. The strategy provides a broad strategic direction for housing in the borough, but delivery of its objectives will be achieved through a range of housing related sub-strategies and policies. The Temporary Accommodation Placements Policy which was approved in the Cabinet of 18th October 2016 is one of those policies. The temporary accommodation storage policy complements that policy, in order to fulfil the duties of the Council towards homeless households.

## **8. STATUTORY OFFICER COMMENTS (CHIEF FINANCE OFFICER (INCLUDING PROCUREMENT) ASSISTANT DIRECTOR OF CORPORATE GOVERNANCE, EQUALITIES)**

### **8.1. FINANCE**

- 8.1.1. This report seeks Cabinet Member approval to:

- The proposed removal and storage charging structure for new applicants for temporary accommodation; which allows free collection, storage and return for up to one month following a homelessness decision. See 3.3.
- Application of the proposed charging structure on the existing storage users.

8.1.2. The temporary accommodation removal and storage budget for 2016/17 was set at £50,000. This was overspent by £93,225.

8.1.3. The majority of costs incurred by the Council in the last two financial years were in relation to the ongoing storage of belongings, as 51% of users have had their belongings in storage for at least 2 years.

8.1.4. The proposed pricing structure is intended to recharge households the full cost of collecting, storing and disposing of belongings after the expiration of section 41 notice.

8.1.5. The current pricing structure is as shown:

Service	Cost to Council	Recharge to Households	Budget Pressure per Household
Collection of goods	£150	£50	£100
Aborted Collection	£90	free	£90
Once Only	£150	One free	
Return of goods	£150	£50	£100
Disposal of goods	£150	£50	£100
Storage of goods per 4weeks	Max £50	£10	Max £40

8.1.6. The proposed pricing structure (after notice period) is as shown:

Service	Cost to Council	Recharge to Households	Budget Pressure per Household
Collection of goods	£150	£150	£0
Aborted Collection	£90	£90	£0
Once Only	£150	One free	£0
Return of goods	£150	£150	£0
Disposal of goods	£150	£150	£0
Storage of goods per 4weeks	Max £50	Max £50	£0

8.1.7. This report proposes a periods of no recharge to household during the assessment of homelessness application and up to 1 month following homelessness decision. Storage cost per household during this period is £50 per 4 weeks.

8.1.8. The report estimates that based on the current trend, the current charging scheme will cost £105,000 in 2017/18 while the proposed charging scheme will cost £101,250 in the same year but reduce further to £16,380 in year two.

8.1.10 This policy, if adopted, will have a favourable impact on the housing demand budget.

8.1.11 However, the model used shows that if the number of new users exceeds an average of 10 per month, it will lead to pressure on the budget.

## 8.2. **LEGAL**

8.2.1. The Assistant Director Corporate Governance has been consulted in the preparation of this report and comments as follows:

8.2.2. Where officers have reason to believe that:

- there is danger of loss of, or damage to, any personal property of an applicant (or of a member of their household) by reason of their inability to protect it or deal with it:, and
  - no other suitable arrangements have been or are being made
- the Council has a duty pursuant to s211 of the Housing Act 1996.

8.2.3. The duty is owed where the Council has come under a duty to house under the Housing Act 1996 and is to take reasonable steps to prevent the loss of the property or prevent or mitigate damage to it. The duty to take such steps continues following cessation of the housing duty.

8.2.4. The Council also has a power to take such reasonable steps where it is not subject to a duty to house.

8.2.5. The Council may impose conditions on fulfilling the duty including as to making and recovering reasonable charges and also as to disposal of any property subject to the duty. If those conditions are not met by the applicant, the Council may decline to take action under its duty.

8.2.6. By s212 of the Act, the duty (and the power) cease where the property is redelivered pursuant to request by the applicant with which the Council considers it reasonable to comply. The Council is required to notify the applicant that the duty will cease on redelivery and, once it has ceased for that or any other reason, that it has ceased. Notification of cessation of the duty may be delivered at the applicant's last known address.

8.2.7. Section 41 of the Local Government (Miscellaneous Provisions) Act 1982 has effect where (among other circumstances) property which has been deposited with it is not collected in accordance with the terms under which it was deposited.

8.2.8. The effect of section 41 is that the Council can by notice require the depositor to collect the property within a period of not less than a calendar month; if the property is not collected within that period it becomes the property of the Council, to dispose of at its discretion.

8.2.9. The proposed policy complies with the relevant legislation set out above.

### 8.3. **EQUALITY**

8.3.1. The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to the need to:

- Tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

8.3.2. The potential impact of any agreed changes were reviewed in this Equalities Impact Assessment (EqIA) for this policy.

8.3.3. The impact of the policy change will affect current and future users differently, but both groups have an over-representation of BME and women.

8.3.4. The proposed charging policy will benefit new users, as the current re-charge of 50% of costs will be removed until the expiry of the notice period, rendering the service free of charge to users.

8.3.5. For those who are accepted as homeless, this period will cover the time period during which the council will place the household in a self-contained, unfurnished property. The notice period should also give sufficient time for those who are not accepted as homeless to find alternative accommodation.

8.3.6. The proposed charging policy will have a mixed effect on existing users. For all existing users the policy has the positive impacting of allowing free storage and delivery until 1 month have elapsed after households have been served with a notice. .

8.3.7. The proposed policy will therefore have a positive impact for current service users, particularly where they choose to remove their items from storage following service of the notice. However, those users who wish to continue using the service on a long term basis after the expiry of the notice will face increased costs equivalent to a 100% recharge of the costs. The council will offer advice and assistance to users to ensure they are in position to take up the other options available as an alternative to long term storage.

## 9. **USE OF APPENDICES**

Appendix A: Equalities Impact Assessment

Appendix B: Financial costs of the current and existing charging structure

10. **LOCAL GOVERNMENT ( ACCESS TO INFORMATION) ACT 1985**

N/A